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TO RUEHC/SECSTATE WASHDC PRIORITY 3268
INFO RUEHAC/AMEMBASSY ASUNCION 6717
RUEHBO/AMEMBASSY BOGOTA 4046
RUEHBR/AMEMBASSY BRASILIA 7935
RUEHB/AMEMBASSY BUENOS AIRES 5184
RUEHC/AMEMBASSY CARACAS 2414
RUEHPE/AMEMBASSY LIMA 2540
RUEHMD/AMEMBASSY MADRID 3426
RUEHMN/AMEMBASSY MONTEVIDEO 4553
RUEHQT/AMEMBASSY QUITO 5053
RUEHSG/AMEMBASSY SANTIAGO 9636
RUEHC/DEPT OF LABOR WASHINGTON DC
RHMFIU/HQ USSOUTHCOM MIAMI FL
RUMIAAA/USCINCSO MIAMI FL
RUEHUB/USINT HAVANA 0269
RHEHNSC/NSC WASHINGTON DC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC

UNCLAS LA PAZ 001103

SIPDIS

SENSITIVE
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STATE FOR WHA/AND
TREASURY FOR SGOOCH
ENERGY FOR CDAY AND SLADISLAW

E.O. 12958: N/A
TAGS: [PGOV](#) [ECON](#) [EPET](#) [ENRG](#) [CASC](#) [BL](#)
SUBJECT: CHACO CONFLICT CONTINUES

REF: LA PAZ 1086

Summary

¶1. (U) Violent confrontations in Tarija related to ownership of one of the country's largest gas reserves, which began on April 16 (reftel), continued on April 17, despite the GOB's acquiescence to protester demands. Thousands of protesters took over two natural gas pumping stations, shut the valves that supply much of the gas to Argentina and Tarija, forced the military to flee, and took 50 police hostage. Central and regional government officials blamed each other. The country is losing up to USD 1.5 million per day in gas sales to Argentina, and stands to lose much more if threats to take Margarita field come to fruition. Ongoing violence remains a significant concern, although it does not at this time seem to be out of control. Post will convene a core EAC meeting this evening to assess the situation. End summary.

The Events

¶2. (U) On April 17, a confrontation between police and protesters demanding the resolution of an internal border dispute resulted in one death (reftel) and up to twenty wounded. Although the GOB acquiesced to protester demands to recuse Tarija Prefect Mario Cossio from the border decision, on April 18, fighting erupted again in the province. Protesters reportedly burned two state oil company YPFB trucks, stole 500 containers of liquid petroleum gas, and later took over two Transredes natural gas pumping stations, where, as a Transredes executive confirmed to Econoff, they broke windows, destroyed and stole equipment, and threatened

workers. Protesters forced 150 military guards to flee and took 50 police hostage.

The Political Mud-slinging

13. (U) The central government and prefecture of Tarija are blaming each other for the events. Various central government officials declared that the border decision was the prefect's responsibility and claimed that the opposition planned and financed the conflict to attack the hydrocarbons nationalization in a treasonous act. Prefect Mario Cossio responded that "the GOB is generating tension; 26 deaths in 14 months are evidence that the policy of intolerance is not the best road. The GOB acted to pressure the departmental government, whose only crime is to disagree with the GOB's vision and represent one of Bolivia's autonomous regions." In a press conference, Santa Cruz Prefect Ruben Costas accused the GOB of being responsible for the conflict, insinuating that the government was behind the violence in this case as in others, such as the persecution of La Paz Prefect "Pepe Lucho" and the massacre in Huanuni. The GOB called for dialogue in La Paz on April 20, but has yet to speak with a unified voice.

The Economic Impact

14. (U) The taking of one of the pumping stations that supplies gas to Argentina is costing Bolivia USD 1.5 million per day, according to press reports. The Tarijeno province of O'Conner, which disputes the ownership of Margarita gas field with the Chaco province, has threatened to take over the Margarita field by force, which would threaten the supply of gas to Brazil, which purchases approximately 75 percent of Bolivia's natural gas, providing significant GOB revenue.

Comment

15. (SBU) The Chaco conflict evinces the lawlessness of Bolivia, the ineffectiveness of the police and military, and the lack of coordination among government entities. Regional and central government officials have used the tragedy as an opportunity to throw mud at each other in their ongoing power struggle over central control versus regional autonomy. Both governments share some of the blame, as the prefect was slow to respond to requests to resolve the border dispute and the central government failed to provide adequate law enforcement. It remains unclear whether or not the conflict was instigated by political officials, but allegations that mayors of the Chaco province paid the protesters make sense as the Chaco stands to gain from forcing the GOB's hand on the border decision. Post will continue to report as events unfold and has convened an EAC to assess the situation. End comment.
GOLDBERG